

Atlas Mill  
ACT/019/003  
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Ken May

40-3453/GCP/86/01/21/0

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FEB 05 1986

Docket File 3453  
PDR/DCS  
DBangart, RIV  
BBrown, RIV  
GPangburn  
MShopenn  
URFO r/f  
LAnderson, RCPD, UT  
LLW Branch, WMLU

URFO:GCP  
Docket No. 40-3453  
04003453433E

FILE COPY Harry

Atlas Corporation  
Atlas Minerals Division  
ATTN: Mr. R. E. Blubaugh  
743 Horizon Court, Suite 105  
Grand Junction, CO 81506

Gentlemen:

The Uranium Recovery Field Office has completed its review of your February 21, 1985 application for amendment to Source Material License No. SUA-917 to authorize a surety arrangement in the form of a self-guarantee. Your submittal proposed that a self-guarantee with supporting financial test for mill decommissioning and reclamation, tailings area reclamation and long-term care and maintenance in the amount of \$5,989,625 be authorized by NRC.

It is our policy to allow licensees to use a parent company guarantee based on a financial test to meet the financial assurance requirements of Criteria 9 and 10 of 10 CFR Part 40, Appendix A. However, a licensee may not demonstrate financial assurance by means of a self-guarantee based on the same financial test.

In light of this policy, we have determined that your request is based on your own financial test data and supportive guarantees and agreements and did not include consideration of third-party assets or guarantees. Because Atlas Corporation is the named licensee on Source Material License No. SUA-917, we have found that your request comes under the category of licensee self-insurance and, therefore, is prohibited by Criterion 9, Appendix A, 10 CFR 40. Consequently, the proposed self-guarantee must be denied.

With this denial, Atlas Corporation has no acceptable financial surety arrangement in place for the Moab mill. Although Atlas does have a contract with the State of Utah's Board of Oil, Gas and Mining, this

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arrangement also constitutes self-insurance under Criterion 9 and is unacceptable for the Commission's purposes. Because Appendix A to 10 CFR 40 requires an acceptable financial surety to be in place at all licensed uranium milling operations, you are technically in violation of the Commission's regulations. From the date of this letter you have sixty (60) days to secure and submit an acceptable financial surety arrangement to this office. Financial surety arrangements deemed acceptable by the Commission are specified in Criterion 9 to 10 CFR 40, Appendix A and include the following:

1. Surety bonds;
2. Cash deposits;
3. Certificate of deposit;
4. Deposits of government securities;
5. Irrevocable letters on lines of credit; and
6. Combinations of the above or such other types of arrangements as may be approved by the Commission.

Failure to submit an acceptable surety arrangement may result in the issuance of an Order by NRC and any subsequent failure to comply with an Order could result in the levy of civil actions against Atlas.

Sincerely,

*/s/*  
R. Dale Smith, Director  
Uranium Recovery Field Office  
Region IV

Case Closed: 04003453433E

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